

## FX Monthly – August '09



### Australian Dollar Report

The Aussie dollar continues to rally as confidence in a rebound in the global economy persists. It appears the worst of the recession may be over in many parts of the world and as such commodity prices, equity markets and the AUD have all outperformed during the month of July. With the Australian dollar approaching 85 cents it does appear as though the rally may have over extended itself in the short term as this figure was forecast for mid to late 2010, not August 2009! Local economic data suggests the Australian economy has avoided a technical recession and in fact the RBA may be one of the first central banks to increase interest rates as growth returns in either Q4 2009 or Q1 2010, another supporting factor of late for the AUD.

### Economic Calendar – Major releases month ahead

Country	Date	Release
Australia	4/08/2009	Retail Sales Ex-Inflation & RBA of Australia Rate Decision
	5/08/2009	Trade Balance
	6/08/2009	Employment Change & Unemployment Rate
	7/08/2009	Reserve Bank Quarterly Monetary Policy Statement
	11/08/2009	Westpac Consumer Confidence
	17/08/2009	Monetary Policy Meeting Minutes
	26/08/2009	Private Capital expenditure
	31/08/2009	Building Approvals
	United States	3/08/2009
4/08/2009		Pending Home sales & ISM None- Manufacturing
6/08/2009		Unemployment Claims
7/02/2009		None-Farm Employment Claims & Unemployment rate
12/08/2009		Trade Balance & Federal Funds Rate & FOMC Statement
13/08/2009		Core Retail sales + Unemployment Claims
14/08/2009		Core CPI
18/08/2009		PPI & Building Permits
21/08/2009		Existing Home sales
25/08/2009		CB Consumer Confidence
27/08/2009	Prelim GDP	

### Charting Perspective



The bullish trend that started back in February continues into this month. Last month's resistant point of 0.8212 was tested and eventually broken seeing the AUD move to a ten month high of 0.8469. While resistant points commonly turn into support levels once they are broken, the 0.8212 has yet to be tested and a new resistant point has yet to be firmly established. Failing 0.8212 becoming a support point the next nearest level can be found around the 0.8120 level. In summary the current trend is bullish which may continue in the short to medium term with the AUD moving back into the trend lines established back in February.

### Technical Levels

	Spot	Support		Resistance	
		Minor	Major	Minor	Major
<b>AUD/USD</b>	0.8410	0.8120	0.7700	0.8530	0.8700

### Great British Pound Report

Despite many regions in the world showing some signs of a stabilising economy the U.K continues to fall deeper into recession. Ironically however this has not hurt the prospects for the Pound Sterling which experienced some massive gains against the Greenback, rallying almost 5% from its July lows of 1.5980 to finish the month on its highs at 1.6730. This has nothing really to do with economic fundamentals but is mainly due to a large sell off in the U.S dollar against all major currencies, so the GBP strength has come as a proxy to the move away from U.S dollars. This is evident when looking at the GBP/AUD cross rate which has moved in the opposite direction to the GBP/USD falling almost 6% from its July highs near 2.100. Adding to the downside momentum on the cross rate has been a string of solid reports on the Australian economy and strong demand for commodity based currencies.

### Economic Calendar – Major releases month ahead

Country	Date	Release
<b>United Kingdom</b>	4/08/2009	Consumer Confidence
	5/08/2009	Housing Prices + Production Figures
	6/08/2009	Interest Rate
	12/08/2009	Unemployment
	18/08/2009	Inflation
	20/08/2009	Retail Sales
	21/08/2009	M4 Money Supply
	28/08/2009	Services Index

### Charting Perspective



Since its downward trend in February the GBP has been unable to regain its ground against the AUD. In July it broke its sideways movement and headed up towards 2.10 and failed to break through this resistance point. The GBP plummeted back down meeting its support at 2.01 and bouncing temporarily back up to mid 2.03's. This did not last long as the GBP continued its slide down towards its major support around 1.97. The GBP has re-adjusted up this month after falling to its major support level and helped by some better than expected economic data but may find it hard to break through 2.0350 which would now become its resistance point. Overall the GBP remains quite volatile and unstable with incremental sideways moves likely between what is a wide range 1.9820 and 2.0265.

### Technical Levels

	Spot	Support		Resistance	
		Minor	Major	Minor	Major
<b>GBP/AUD</b>	2.0100	1.9820	1.9680	2.0265	2.0980

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